

Message Text

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 5579

C O N F I D E N T I A L 5627

FOR ARA - EINAUDI - L - GANTZ

E.O. 11652: GDS

TAGS: EIND, EFIN, EMIN, BDIS, PE

SUBJECT: INVESTMENT DISPUTES: MARCONA AND GULF

REFS: (A) STATE 116816; (B) STATE 127733

1. FOREIGN MINISTER DE LA PUENTE OPENED OUR LENGTHY CONVERSATION OF JULY 5 WITH THE OBSERVATION THAT MY ARRIVAL CAME AT A TIME OF IMPROVED RELATIONS BETWEEN OUR TWO COUNTRIES. I AGREED BUT NOTED THAT THE OLD MARCONA AND GULF PROBLEMS HANG ON AND GIVE ME CONCERN FOR THE FUTURE COOPERATION WE BOTH WANT. I THEN REVIEWED THE STATUS OF EACH CASE.

2. IN RESPONSE TO MY STATEMENT THAT THE \$2 MILLION FIGURE IN THE MARCONA CONTRACT REPRESENTED NOTHING MORE THAN AN "ESTIMATE" (REF A), DE LA PUENTE SAID THAT WAS NOT HIS IMPRESSION. RATHER, AS HE RECALLED IT, THE FIGURE HAD BEEN ONE DEFINITELY "FIXED". HE SAID HE WOULD GO BACK TO HIS FILES AND REFRESH HIS MEMORY ON THIS AND THE OTHER POINTS I RAISED. HE PROMISED TO DISCUSS THE MATTER WITH HIS COLLEAGUES AND GET BACK TO ME.

3. ON GULF, DE LA PUENTE AGREED WITH ME THAT THE PROBLEM HAD SIMPLY DRAGGED ON TOO LONG. HE SAID HE WOULD SPEAK
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TO THE MINISTER OF FINANCE. LATER IN CONVERSATION, AS WE GOT INTO THE PERUVIAN ECONOMY THE MINISTER COMMENTED ON THE NEED FOR PETROLEUM EXPLORATION. I NOTED THAT THE UNRESOLVED GULF CASE COULD ONLY ACT AS A DISINCENTIVE TO THE OIL COMPANIES THAT MIGHT OTHERWISE BE INTERESTED. I TRIED AGAIN TO MAKE CLEAR AT SEVERAL POINTS IN THE HOUR- AND A HALF CONVERSATION THAT OUR ATTITUDE ON FUTURE ECONOMIC

COOPERATION WOULD BE SIGNIFICANTLY AFFECTED BY WHAT AHPPENED TO THESE TWO PROBLEMS.

4. COMMENT: FOR SOME REASON I HAD NOT SEEN REF B BEFORE THE TALK WITH DE LA PUENTE. IF THE SUM STIPULATED WAS INTENDED AS AN "ARBITRARY COMPREHENSIVE VALUATION" RATHER THAN AN "ESTIMATE", CAN WE EXPECT TO BE ASKED THAT MARCNA RENDER AN ACCOUNTING OF WHAT ITS ACTUAL PROFIT ON THE SHIPPING CONTRACT CAME TO? IT HAS BEEN MY UNDERSTANDING THAT THE FIGURE WAS MEANT TO BE ONLY ILLUSTRATIVE. HOW DO WE DESCRIBE IT THEN? (I DID MAKE THE POINT TO DE LA PUENTE THAT MARCONA HAD REALIZED NOTHING LIKE A DOLLAR A TON, BUT I MADE IT ONLY IN PASSING.)

5. I WOULD LIKE TO GIVE THE MINISTER ASAP AN AIDE MEMOIRE ON THE MARCONA CASE AND WOULD THEREFORE APPRECIATE THE DEPARTMENT'S EARLY ADVICE ON THIS POINT.
SHLUADEMAN

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